

GILLESPIE FIELD DEVELOPMENT COUNCIL
September 18, 2007

AGENDA ITEM #11

Wayne E. Breise, a Sole Proprietorship
Proposed Second Amendment to Aviation Lease

On November 4, 1997, the County Board of Supervisors approved a thirty-year Aviation Lease with Wayne E. Breise, a sole proprietorship, for approximately eleven acres of land at Gillespie Field (County Contract No. 71999R). Wayne Breise ("Lessee") is a full-service Fixed Base Operator, whose development includes private hangars, commercial hangars, a self-service fuel island, and general office space for aviation-related businesses.

The Lease has been amended once previously, on July 30, 2003, to adjust the Premises size and rental amount, extend the lease term by 1.5 years, and update standard lease language.

Second Amendment to Aviation Lease (County Contract No. 71999R)

This proposed Second Amendment to Aviation Lease will revise the following terms:

Parcel - The size of the premises will be reduced to 11.104 acres. The term "Net Acreage" will be deleted as Lessee will no longer provide FAA personnel parking on the Leasehold. This results in an increase of useable area.

Rent – Rent will continue on the current schedule for existing aviation leases at Gillespie Field. Lessee currently pays \$5,375.16 monthly in base rent. Approval of the proposed Second Amendment will result in a slight increase to \$5,401.43, effective January 1, 2008. This is due to the increase in usable area. Rent will be subject to a Cost of Living Adjustment effective April 1, 2008, and beginning in 2010, rent will be determined by the standard negotiated rent clause as set forth in the Lease.

Term - The amended lease will terminate on January 31, 2033 instead of March 31, 2029.

Required Leasehold Improvements – Under the proposed Amendment, Lessee agrees to remove all equipment associated with the monitoring and remediation of two former Underground Storage Tank sites located on and adjacent to the Premises.

Equity - All County leases provide that the County owns the improvements at termination. Therefore, when granting lease amendments for additional term, the proposed amendments require Lessees to pay equity to compensate County for the postponement of its reversionary interest in the existing improvements. County has agreed to grant Lessee a one-time credit equal to the equity owed to the County for

the additional 1.5 years. This credit represents the value of the Lessee's loss of four tie-down spaces, which Lessee is voluntarily removing from the Leasehold Premises to accommodate automobile parking for the Federal Aviation Administration staff members working in the Gillespie Field Airport Traffic Control Tower.

FAA Requirements - Some of the buildings on Lessee's existing leasehold do not meet current Building Restriction Line (BRL) and Runway Visibility Zone (RVZ) requirements. The identified buildings must be removed by the existing Lease termination date of March 31, 2029.

New Lease Language – When granting an amendment for additional term the County updates standard lease language. The proposed Amendment updates lease language regarding compliance with laws, stormwater and non-stormwater discharges, environmental and ALP compliance, indemnity and insurance, and transfer premiums. Processing fees will also be updated to reflect current rates.

RECOMMENDATION

Staff recommends that the Council adopt the following motion with respect to the proposed Lease Amendment.

MOTION – “It is recommended that the Board of Supervisors approve the Second Amendment to Aviation Lease with Wayne E. Breise, a sole proprietorship, as recommended by staff.”